

Message Text

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43

ACTION EUR-25

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TAGS: ETRN, WB, GW, UK, FR, US

SUBJECT: CIVAIR - BERLIN AIR FARES

REF: BONN 8320

1. FOLLOWING IS TEXT OF NON-PAPER HANDED TO ALLIED
CAA'S AT BCATAG MEETING MAY 29. REPORTING TELEGRAM
FOLLOWS SEPARATELY.

QUOTE 1. THE FEDERAL GOVERNMENT HAS TAKEN NOTE OF THE
INTENTION TO INCREASE FLIGHT PRICES TO BERLIN BY BETWEEN
10 AND 11 PER CENT OWING TO RISING FUEL COSTS.

THE FEDERAL GOVERNMENT APPRECIATES THAT AIR AFFIC
FROM AND TO BERLIN SHOULD CONTINUE TO BE GOVERNED BY
ECONOMIC CRITERIA. HOWEVER, IT HAS NOT UP TO NOW
BEEN IN A POSITION TO FORM ITS OWN JUDGMENT AS TO
WHETHER THE PROPOSED INCREASES ARE JUSTIFIED AS TO
THEIR NATURE AND EXTENT, SINCE IT HAS NOT HAD SUFFICI-
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ENT ACCESS TO INFORMATION ON THE FOLLOWING POINTS:

(A) THE EXTENT OF THE INCREASE IN FUEL PRICES SINCE THE DATE TAKEN AS THE BASIS FOR THE CALCULATION OF PRICE INCREASES AS FROM 15 FEBRUARY 1974.

(B) THE FORWARD PROJECTION OF THE DATA PROVIDED IN CONNECTION WITH THE LAST TWO INCREASES SO THAT IT WILL BE POSSIBLE TO ASSESS THE EFFECTS OF FUEL INCREASES WITHIN THE FRAMEWORK OF THE OVERALL CALCULATION.

2. THE FEDERAL GOVERNMENT DRAWS ATTENTION TO THE FACT THAT IRRESPECTIVE OF THE ACTUAL INCREASE IN COSTS IT IS NECESSARY, IN VIEW OF THE LEVEL OF PRICES ALREADY REACHED IN BERLIN AIR TRAFFIC, TO CONSIDER WHETHER THESE HIGHER COSTS CAN IN FACT BE PASSED ON ENTIRELY TO USERS.

IT THEREFORE DEEMS IT ESSENTIAL IN CONNECTION WITH THE PROPOSED PRICE INCREASES TO EXHAUST ONCE AGAIN ALL POSSIBILITIES OF RATIONALIZING FLIGHT OPERATIONS AND TO CONSIDER WHETHER PART OF THE EXTRA COSTS SHOULD NOT BE BORNE BY THE AIRLINES THEMSELVES. OTHERWISE IT IS TO BE FEARED THAT FURTHER PRICE INCREASES WILL REDUCE TRAFFIC TO SUCH AN EXTENT THAT AIRLINE PROFITS ARE LIKELY TO DETERIORATE RATHER THAN IMPROVE.

3. THE FEDERAL GOVERNMENT WOULD ALSO TAKE THIS OPPORTUNITY TO RECALL THAT SOME TIME AGO THE COMPETENT ALLIED AUTHORITIES RECEIVED APPLICATIONS FROM THE BERLINER FLUGHAFEN-GESELLSCHAFT FOR INCREASES IN LANDING AND PARKING FEES AS WELL AS RENTS AT BERLIN AIRPORTS. THE FEES AND RENTS CURRENTLY CHARGED IN BERLIN ARE WELL BELOW THE RATES AT OTHER WEST GERMAN AIRPORTS. THEY DO NOT EVEN COVER THE COSTS OF OPERATING THE BERLIN AIRPORTS ARISING TO THE BERLINER FLUGHAFEN-GESELLSCHAFT. ALREADY IT HAS BEEN NECESSARY TO COVER THE RESULTANT LOSSES FROM FEDERAL GOVERNMENT AND SENATE BUDGET FUNDS. THIS AMOUNTS TO A FURTHER SUBSIDISATION OF AIR TRAFFIC TO BERLIN. AS THESE LOSSES ARE EXPECTED TO INCREASE IN THE NEAR FUTURE, IT IS A MATTER OF URGENCY THAT A LIMITED OFFICIAL USE

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DECISION ON THE APPLICATIONS FOR PRICE INCREASES SHOULD BE MADE AS SOON AS POSSIBLE.

4. WITH REGARD TO THE FORTHCOMING TRANSFER FROM TEMPELHOF TO TEGEL, THE FEDERAL GOVERNMENT HAS MADE PROPOSALS FOR OFFSETTING THE COSTS AS WELL AS THE DISADVANTAGES OF COMPETITION WHICH THE COMPANY WILL THEREBY INCUR. THE FEDERAL GOVERNMENT HOPES THAT IT CAN START

FROM THE ASSUMPTION THAT IN VIEW OF THIS SITUATION A
DECISION ON THE TRANSFER WILL NOW BE TAKEN AS SOON AS
POSSIBLE. END QUOTE.
HILLENBRAND

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